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Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number	FOR COURT USE ONLY
Richard L. Wynne KIRKLAND & ELLIS 777 South Figueroa Street Los Angeles, California 90017 (213) 680-8400 (213) 680-8500	FILED MAR 3 1 2003 CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA BY Deputy Clerk
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: CENTIS INC., a California Corporation, CENTIS DIRECT MARKETING INC., a Delaware corportion, CENTIS CONSUMER PRODUCTS INC., a Delaware corporation, G. NEIL DIRECT MAIL, INC., a Delaware corporation, G. NEIL DIRECT MAIL INTERNATIONAL, INC., a Delaware corporation, and NEW CENTURY DIRECT MARKETING, INC., a Delaware corporation Debtor(s).	CASE NO.: SA 02-15865 JB

AMENDED NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: *New Auction Date: April 25, 2003*	***Time:*** *10:00 a.m.*
Location: Kirkland & Ellis, 777 S. Figueroa Street, Los Angeles, CA 90017	

Type of Sale: [X] Public: [ ] Private: Last date to file objections: April 15, 2003

Description of Property to be Sold: See attached Amended Sale Notice.

Terms and Conditions of Sale: See attached Amended Sale Notice.

Proposed Sale Price: See attached Amended Sale Notice.

Overbid Procedure (If Any): See attached Amended Sale Notice.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:
Continued to April 29, 2003, at 2:30 p.m., Courtroom 6D, 411 West Fourth Street, Santa Ana, CA 92701-4593

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Kelly K. Frazier, Esq.
777 South Figueroa Street
Los Angeles, CA 90017
Tel: (213) 680-8230; Fax: (213) 680-8500
kelly_frazier@la.kirkland.com

Date: March 31, 2003

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Reorganization Counsel for the
Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

SANTA ANA DIVISION

In re CENTIS INC., a California corporation, CENTIS DIRECT MARKETING INC., a Delaware corporation, CENTIS CONSUMER PRODUCTS INC., a Delaware corporation, G. NEIL DIRECT MAIL, INC., a Delaware corporation, G. NEIL DIRECT MAIL INTERNATIONAL, INC., a Delaware corporation, and NEW CENTURY DIRECT MARKETING, INC., a Delaware corporation, Debtors.	Case No. SA02-15865 JB (Jointly administered with Case Nos. SA02-15867 JB, SA02-15868 JB, SA02-15869 JB, SA02-15870 JB and SA02-15872 JB for procedural purposes only) Chapter 11 **AMENDED NOTICE OF: (I) HEARING ON MOTION FOR ORDER AUTHORIZING AND APPROVING THE DEBTORS' PROPOSED SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THEIR G. NEIL BUSINESS; AND (II) CERTAIN COURT APPROVED BIDDING PROCEDURES WITH RESPECT TO AN AUCTION** <u>Hearing on Sale Motion</u> Date: April 29, 2003 Time: 2:30 p.m. Place: Courtroom 6D 411 West Fourth Street Santa Ana, California 92701-4593

PLEASE TAKE NOTICE OF THE FOLLOWING:

THE NEW STALKING HORSE PURCHASER, TAYLOR CORPORATION: On February 10, 2003, the above-captioned debtors and debtors in possession (collectively, the "Debtors") executed a letter of intent with Carousel Capital Partners II, L.P. ("Carousel") to sell substantially all of the assets of G. Neil Direct Mail, Inc. and G. Neil Direct Mail International, Inc. (together, "G. Neil") for approximately $27 million in cash, plus the assumption of certain specified liabilities (which the Debtors estimated would exceed $6 million). On February 20, 2003, this Court entered an order approving certain bidding procedures and buyer protections (the "Bidding Procedures") in connection with a proposed sale (subject to higher and better offers at an auction) of substantially all of the assets of G. Neil to Carousel. The Court also scheduled: (i) an auction for April 2, 2003, to be conducted at the offices of the Debtors' reorganization counsel, and (ii) a hearing on the motion to sell substantially all of the G. Neil assets to Carousel or the highest and best bidder at the auction on April 4, 2003. Although the Debtors had anticipated executing a definitive agreement with Carousel on or before March 7, 2003, that agreement was never finalized.

The Debtors have negotiated and entered into, subject to Court approval, an asset purchase agreement, dated March 18, 2003 (the "APA"), with another potential stalking horse purchaser, Taylor Corporation ("Taylor"), for the sale of substantially all of the assets of G. Neil. The proposed sale to Taylor is on the same (if not better) economic terms as the previous proposed sale to Carousel, i.e., Taylor proposes to purchase the G. Neil assets for $27 million in cash, plus the assumption of certain specified liabilities, which the Debtors estimate will exceed $6 million in the aggregate. In addition, the proposed Bidding Procedures previously approved by the Court have been amended by further order of the Court, which amended procedures are described in greater detail below (the "Amended Bidding Procedures").

NOTICE OF CONTINUED HEARING ON SALE MOTION: The hearing (the "Sale Hearing") on the Debtors' motion to, *inter alia*, sell certain assets of G. Neil pursuant to 11 U.S.C. §§ 362 and 363, free and clear of all liens, claims, encumbrances and interests, and to assume and assign certain identified executory contracts and unexpired leases (collectively, the

"Assigned Contracts") pursuant to 11 U.S.C. § 365 (the "Sale Motion") to either: (i) Taylor for approximately $27 million in cash, plus the assumption of other specified liabilities (which the Debtors estimate will be approximately $6 million as of the closing), or (ii) a higher and better overbidder at the auction for the G. Neil assets, has been continued from April 4, 2003 to **April 29, 2003 at 2:30 p.m.** (prevailing Pacific Time), or as soon thereafter as counsel may be heard, before the Honorable James N. Barr, United States Bankruptcy Judge, in **Courtroom 6D at the United States Bankruptcy Court for the Central District of California, located at 411 West Fourth Street, Santa Ana, California 92701-4593.**

If you receive this Amended Notice and have not received the Sale Motion or the APA, you may receive a complete copy of either or both documents free of charge from the Debtors' counsel through Denise Wymore at Kirkland & Ellis, 777 South Figueroa Street, Los Angeles, California 90017, Telephone: (213) 680-8400, Facsimile: (213) 680-8500. All parties receiving this Amended Notice are encouraged to obtain copies of the Sale Motion and the APA, and to review their terms carefully.

DEADLINE FOR OBJECTIONS TO THE SALE MOTION: Any opposition to the Sale Motion (including, without limitation, any objections to the assignment of the Assigned Contracts and/or the amount of the proposed cure payments thereunder) must be in writing, filed with the Bankruptcy Court, and served upon the following parties:

(i) The Office of the United States Trustee, Attn: Nancy Shapiro, Esq., 411 West Fourth Street, Suite 9041, Santa Ana, CA 92701-8000;

(ii) Robert E. Annas, Centis Inc., 205 South Puente Street, Brea, CA 92821;

(iii) Kirkland & Ellis, Attn: Kelly K. Frazier, Esq., 777 South Figueroa Street, Los Angeles, CA 90017;

(iv) Allyson F. DeMatteo, SSG Capital Advisors, L.P. ("SSG"), 445 Park Avenue, Suite 1901, New York, NY 10022;

(v) Jeff Reisner, Irell & Manella LLP, 840 Newport Center Drive, Suite 400, Newport Beach, CA 92660-6324;

(vi) Fred Neufeld, Esq., Milbank, Tweed, Hadley & McCloy, 601 South Figueroa Street, 30th Floor, Los Angeles, CA 90017;

(vii) Phillip Bohl, Esq., Gray Plant Mooty, 33 South Sixth Street, Suite 3400, Minneapolis, Minnesota 55402-3796; and

(viii) Paul R. Glassman, Peitzman, Glassman, Weg & Kempinsky LLP, 1801 Avenue of the Stars, Suite 1225, Los Angeles, CA 90067.

by no later than 4:00 p.m., April 15, 2003 (prevailing Pacific Time). Pursuant to Local Bankruptcy Rule 9013-1, any failure to file and serve a timely response and request for hearing may be deemed by the Court to constitute consent to the relief requested by the Sale Motion, including, without limitation, the assumption and assignment of certain executory contracts and/or unexpired leases and the determination of cure payments, if any, owing under such contracts and/or leases.[1]

Any replies to objections to the relief requested in the Sale Motion must be filed and served on the objecting party and the parties identified above, with a copy delivered directly to the Court's chambers, **by no later than 4:00 p.m., April 23, 2003 (prevailing Pacific Time).**

THE TERMS AND CONDITIONS OF THE PROPOSED SALE TO TAYLOR: After receiving several indications of interest for the purchase of substantially all of the assets of G. Neil, the Debtors have determined that a sale to Taylor, subject to a competitive bidding process, is the best way to maximize value received by the bankruptcy estates for those assets. The following is a summary of certain key terms and conditions of the proposed sale to Taylor. Because the following description is only a summary, parties are referred to the APA for a complete understanding of the proposed sale terms, including the meaning of capitalized terms used but not defined herein. In the event of any inconsistencies between the APA and the following summary, the terms of the APA shall control.

a. Assets to be Sold: Taylor will purchase substantially all of the assets, including, but not limited to certain executory contracts and unexpired leases (the "Assets") owned by G. Neil or used primarily by G. Neil in the operation of its business, wherever located, including all assets and properties located at the Sunrise, Florida and Letchworth, Hertfordshire, United Kingdom facilities, free and clear of all claims, liens, security interests, encumbrances and other similar burdens. The Assets shall include, but not be limited to, all inventory, accounts receivable,

[1] A list of Assigned Contracts, together with cure amounts, are attached to the Sale Motion and the APA. The Debtors and Taylor reserve all rights to delete any Assigned Contract from such schedule until one day prior to the Closing.

deposits, prepaid expenses, work in process, raw materials, machinery, open purchase orders, the Assigned Contracts, transferable confidentiality and non-compete agreements, intellectual property, books and records, transferable permits, equipment and other items owned by G. Neil or used primarily by G. Neil in the operation of its business. The Assets shall not include, among other things: (i) cash on hand; (ii) intercompany receivables; (iii) avoidance claims and causes of action referenced in section 550(a) of the Bankruptcy Code or the proceeds thereof, and such other causes of action and claims assigned to the Committee under the Settlement Agreement; (iv) the corporate minute books of G. Neil or any affiliate; (v) contracts other than the Assigned Contracts; (vi) insurance policies; and (vii) rights to refunds of or credits for Taxes.

b. The Aggregate Purchase Price: The purchase price for the Assets is as follows: (i) twenty-seven million dollars ($27,000,000) (the "Cash Purchase Price"), which will be payable in immediately available funds at the closing; plus (ii) the payment of all cure amounts under the Assigned Contracts (including any amounts due and payable under the Existing Parking Lot Agreement which Taylor agrees to pay if Taylor elects to enter into the New Parking Lot Agreement), which the Debtors estimate was approximately $510,000 as of December 31, 2002, plus (iii) assumption by Taylor of the liabilities and obligations relating to customer merchandise credits and other customer accommodation practices utilized by G. Neil in the ordinary course of business; plus (iv) assumption by Taylor of the liabilities and obligations for all accrued vacation, bonuses and commissions which the Debtors estimate was approximately $632,509 as of February 28, 2003, and, for the current payroll period as of the Closing, all accrued salaries, wages and commissions, applicable payroll Taxes, and expense reimbursement obligations, in each case relating or payable to employees of G. Neil; plus (v) assumption by Taylor of the liabilities and obligations relating to the severance obligations to employees of G. Neil described in Recital paragraph L of the Stipulation Regarding the Debtors ' Adoption and Implementation of Postpetition Employee Retention Plan, as approved by the Bankruptcy Court by order entered March 6, 2003, which the Debtors estimate will not exceed $280,000, but excluding all liabilities and obligations relating to the Retention Plan for Key Employees described in Recital paragraph J of said Stipulation and all other liabilities and obligations arising under or relating to said Stipulation; plus (vi) assumption by Taylor of the liabilities and obligations relating to and arising from outstanding post-petition accounts payable to trade vendors which the Debtors estimate was approximately $2,038,000 as of February 28, 2003; plus (vii) assumption by Taylor of the sales taxes payable which the Debtors estimate was approximately $36,000 as of February 28, 2003; plus (vii) assumption by Taylor of the liabilities and obligations relating to its ownership or use of the Purchased Assets after the Closing Date, including all Taxes arising out of or related to the Purchased Assets or the operation or conduct of the businesses acquired pursuant to the APA for all tax periods beginning on or after the Closing Date.

c. Assignment of Executory Contracts and Leases: Taylor also will acquire, by way of assumption and assignment under section 365 of the Bankruptcy Code, certain leases and executory contracts as specified by Taylor and agreed to by the

Debtors, with cure amounts for such contracts and leases to be assumed and to be paid by Taylor on or before the Closing in such amounts as determined by order of this Court. The Debtors estimate that the outstanding prepetition amounts owing under the G. Neil executory contracts and leases is approximately $510,000.

d. As-Is, Where Is Sale: The Assets shall be acquired by Taylor on an "as is, where is" basis with limited representations, warranties and covenants, none of which shall survive Closing.

e. Deposit: In connection with the execution of the APA, Taylor has deposited an amount equal to ten percent (10%) of the Cash Purchase Price (i.e., $2.7 million) (the "Deposit"), into a segregated account designated by the Debtors.

f. Retention of Employees: Taylor will maintain G. Neil's direct mail operations and is expected to offer employment to the majority of G. Neil's workforce. Following Court approval of the Sale Motion to Taylor, Taylor shall have access to all of the G. Neil employees for Taylor's customary screening and testing for new hires and Taylor may offer to employ any of the employees of G. Neil on terms to be determined by Taylor in accordance with its normal practices.

g. Conditions: Consummation of the proposed sale under the APA is conditioned upon, *inter alia*, (i) an order approving the relief requested in the motion seeking approval of the Amended Bidding Procedures on or before April 1, 2003; and (ii) an order approving the sale to Taylor being entered by no later than May 2, 2003.

h. Higher and Better Offers: As set forth in further detail below, the APA is subject to the submission by third parties of higher and better offers, as well as approval by the Court.

PROCEDURES FOR SUBMITTING COMPETING BIDS: The proposed sale to Taylor is subject to the Debtors' consideration of higher and better offers. The Debtors will hold an auction (the "Auction") to determine if the Debtors may receive higher or better bids for the assets of G. Neil. On March 26, 2003, the Court entered an order approving the Amended Bidding Procedures. The Court approved Amended Bidding Procedures are set forth below, and contain numerous deadlines and requirements that should be read in their entirety:

a. Overbid Procedures: An entity (other than Taylor) that is interested in purchasing the Assets of G. Neil (including the Senior Lenders if they intend to credit bid) must submit an "Initial Overbid" in conformance with this paragraph **by no later than 5:00 p.m. (prevailing Pacific Time) on April 23, 2003**, which is two (2) business days prior to the Auction (the "Overbid Deadline"). Any entity that fails to submit a timely, conforming Initial Overbid, as set forth herein, shall not be entitled to bid for the assets at the Sale Hearing. Any such Initial Overbid must:

(i) Be served upon Taylor, SSG, the Debtors' reorganization counsel, counsel for the Committee, counsel for the Senior Lenders, counsel for Taylor and each of the parties to the Assigned Contracts in a manner such that the Initial Overbid actually is received on or before the Overbid Deadline;[2]

(ii) Contain a signed definitive written agreement, acceptable to the Debtors and the Committee in their sole discretion, with, at a minimum, the following requirements: (i) having substantially similar terms and conditions as the APA; (ii) containing terms and conditions no less favorable to the estates than the terms and conditions in the APA; and (iii) providing for a purchase price of at least four percent (4%) greater than the Cash Purchase Price offered by Taylor (i.e., $1,080,000). Further, the overbidder must provide the above-described parties a separate version of its agreement redlined or otherwise marked to show any and all deviations from the APA (the APA will be provided to prospective overbidders in electronic format upon request);

(iii) Except with respect to a credit bid from the Senior Lenders, include a cashiers' or certified check in the amount of the Deposit provided by Taylor (i.e., 10% of the Cash Purchase Price, or $2.7 million), which deposit will be returned to the overbidder following the conclusion of the Sale Hearing unless the overbidder ultimately submits the successful bid for the Assets, in which case the deposit will be applied against the purchase price and held by the Debtors to collateralize any damages they may suffer in the event the overbidder is the prevailing bidder and fails to consummate the sale;

(iv) Be accompanied by evidence satisfactory to the Debtors establishing the overbidder's good faith, within the meaning of section 363(m) of the Bankruptcy Code, and its "adequate assurance of future performance" of the Assigned Contracts, within the meaning of section 365(f)(2)(B) of the Bankruptcy Code;

(v) Be accompanied by evidence satisfactory to the Debtors in their sole discretion that the overbidder is willing, authorized, capable and qualified financially, legally and otherwise, of unconditionally performing all obligations under the APA (or its equivalent) in the event that it submits the prevailing overbid at the Sale Hearing; and

(vi) Remain open and irrevocable until the earlier of the entry of an order by the Court approving a definitive agreement or May 30, 2003. Competing bids shall not be conditioned or contingent on the outcome of unperformed due diligence by the overbidder, any financing contingency, or any board of directors', shareholders' or other corporate approval.

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[2] Upon request, the Debtors will provide potential overbidders with a service list of each of the aforementioned notice parties.

c. No Initial Overbids: If no timely, conforming Initial Overbids are submitted, the Debtors shall request at the Sale Hearing that the Court approve the proposed sale of the assets to Taylor.

d. Auction: In the event that the Debtors timely receive a conforming Initial Overbid from a prospective purchaser as described above (a "Qualified Bidder"), then the Debtors will conduct an Auction with respect to the sale of the G. Neil Assets. The Auction will take place beginning at **10:00 a.m. (prevailing Pacific Time) on April 25, 2003** (which is two (2) business day prior to the Sale Hearing) at the offices of Kirkland & Ellis, 777 South Figueroa Street, Los Angeles, California 90017, or at such other place, date and time as may be designated in writing by the Debtors. The Auction shall be governed by the following procedures:

(i) All Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative;

(ii) Bidding will commence at an amount of the highest bid or otherwise best offer submitted by a Qualified Bidder as to the G. Neil Assets, as determined by the Debtors in their sole and absolute discretion;

(iii) Qualified Bidders and/or Taylor may then submit successive bids in increments of at least $350,000 greater than the prior bid (the "Incremental Bid Amount") for the purchase of the Assets at the Sale Hearing until there is only one offer that the Debtors and the Committee determine, subject to Court approval, is the highest and best offer (the "Prevailing Bid").

e. Jurisdiction of the Bankruptcy Court: All bidders shall be deemed to have consented to the core jurisdiction of the Court and to have waived any right to jury trial in connection with any disputes relating to the auction and/or the sale of the Assets. Taylor and all Qualified Bidders shall be bound by their bids until such time as a definitive sale agreement is executed by the prevailing bidder (as approved by the Court at the Sale Hearing) and the Court has entered an order approving the sale to the prevailing bidder, or May 30, 2003 (whichever is earlier). If, for any reason, such prevailing bidder is unable or unwilling to execute a definitive sale agreement or to perform its obligations thereunder, the Debtors, in the exercise of their business judgment, (i) may retain and cash the deposit of that prevailing bidder as partial payment of any damages resulting from the bidder's failure to perform, and (ii) may sell the assets to the next highest bidder at the Auction (as approved by the Court), upon an *ex parte* application to the Court and without further notice or a hearing, provided that such bidder submits a new deposit and otherwise is authorized, capable, and qualified to proceed with the sale.

f. Breakup Fee Arrangement: The Debtors have agreed that in the event Taylor does not submit the Prevailing Bid and the Debtors enter into an alternative sale transaction, the Debtors will pay Taylor a Breakup Fee equal to three percent (3%) of the Cash Purchase Price (i.e., $810,000); provided, however, that such

Breakup Fee shall be payable only in the event that (A) Taylor is not in material breach of the APA and is not exercising any contingency out provided in said agreement, and (B) the Debtors consummate a sale of all or substantially all of the G. Neil Assets to a third party other than Taylor (a "Third-Party Sale"). The Breakup Fee shall be payable on the date the Debtors consummate the Third-Party Sale. The Breakup Fee is intended to reimburse Taylor for the cost and expense incurred by it in connection with the negotiation of APA, as well as for the risk associated with acting as the stalking horse. No other Qualified Bidder in the Auction, if any, shall be entitled to any termination or Breakup Fee.

g. Successful Credit Bid: In the event that the Senior Lenders credit bid, and such bid is the Prevailing Bid, such Prevailing Bid shall have a cash component equal to the Breakup Fee and shall include a written acknowledgment by the Senior Lenders that the cash component of the Prevailing Bid may be used by the Debtors, free and clear of any lien, claim or encumbrance of the Senior Lenders, to satisfy the payment of the Breakup Fee to Taylor. In addition, in the event that there are insufficient funds in the estates to satisfy the (i) success fee obligations to CBW and SSG, as approved by the Court, (ii) obligations under the key employee retention plan, as approved by the Court, (iii) obligations owing to unsecured creditors pursuant to the Settlement Agreement, and (iv) a budget for the expenses of confirmation and implementation of a liquidating chapter 11 plan, then the Senior Lenders shall enhance the cash component of their credit bid to provide adequate funds for the foregoing requirements. Moreover, for purposes of calculating the unsecured creditors' carve-out, such credit bid shall be treated as if it was wholly made in cash.

h. Payment of Net Proceeds to Senior Lenders: In accordance with the Settlement Agreement, the Sale Motion will provide for relief from the automatic stay to allow for the payment of the sales proceeds to the Senior Lenders on account of their secured claims, minus certain carve-outs to: (i) pay the costs of the sale, including (a) success fee amounts to CBW and SSG, (b) amounts owing to certain of the Debtors' employees pursuant to the employee retention plan approved by the Court, and (c) the fees and expenses of the Debtors' bankruptcy counsel, Kirkland & Ellis, and counsel for the Committee, Irell & Manella LLP; (ii) fund, from amounts paid to the Senior Lenders, a carve-out based on the net proceeds from the sales of the Debtors' assets for the benefit of general unsecured creditors; and (iii) fund a budget for the expenses associated with the confirmation and implementation of a liquidating chapter 11 plan

WHERE TO FILE DOCUMENTS: All documents required to be filed with the Bankruptcy Court in these cases must be filed at the following address: 411 West Fourth Street, Santa Ana, California 92701.

DATED: March 31, 2003

Respectfully submitted,

KIRKLAND & ELLIS

Kelly K. Frazier

KELLY K. FRAZIER
Reorganization Counsel for the
Debtors and Debtors in Possession